

Kresge News

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JUNE, 1977

Shareholders change name to K mart Corporation

At the 65th annual meeting on May 17 company shareholders, accepting the suggestion of the Board of Directors, voted to change the company's name. The new name aims to clarify our company and its retail function to the public, where polls had revealed that people were confused about the Kresge-K mart relationship.

K mart, elaborated Chairman of the Board Robert Dewar, has a high recognition factor and fine image, and although the change evinces emotion in all company associates, the Board felt that it was in the best interest of all to change to K mart Corporation.

The heritage of excellent employee relations and company values entrusted to the company by its founder, Sebastian Kresge, will always remain and can be the source of great pride, assured Mr. Dewar.

In another area, Mr. Dewar discussed our financial resources, stressing that our store opening program of last year was thoroughly studied, not impulsive, and our confidence in future operations prompted a 75 percent increase in the annual dividend rate (the portion of profit paid to the stockholders) from 32¢ to 56¢.

Mr. Dewar credited our strong financial position to increasing customer acceptance. "That increasing customer acceptance can be seen in the continuing store-for-store sales

increases in existing stores, despite increasing competition over the last few years," he said.

The results of the first quarter were released, showing an increase of 19.5 percent in sales for the 13 weeks ended April 27, 1977 over the same period in 1976. Sales were \$2,016,524,000, on target with expectations.

K mart Apparel results were above plan, adding to the subsidiary's outstanding track record. Losses due to the fluctuation in the Canadian economy and unfavorable weather conditions in the U.S. resulted in "flat" earnings — a 3 percent increase in '77 over '76. However, Mr. Dewar pointed out that after making allowances for changes in accounting policies over the years, the 1977 first quarter pre-tax profit was the highest percentage of sales since the start of our K mart program in 1963, except for the record set in 1976.

Retail sales are expected to be strong throughout the rest of the year, and Mr. Dewar forecasted opening 135-140 stores during 1977 in the United States, Canada and Australia.

In other business of the meeting, shareholders elected Carl Gerstaecker, chairman of the finance committee, The Dow Chemical Company, to his first term on the K mart Board. He replaces George Russell who retired.

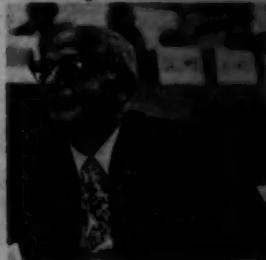
Over 30 people from the audience of 1,300 took the microphone to express their opinions to the Board of Directors, punctuating the meeting with sentimentality, humor, anger and empathy, drawing answers from Mr. Dewar on the name change, dividends, minorities and merchandise.



C. Lloyd Yoho, retired director and vice president of discount operations, proposed that the name of the company be changed to K mart Corporation.

dising. Some travelled great distances, and they ranged from a housewife to a Ph.D.

Kresge retirees also attended in number, and many retired executives took a part in the protocol of the meeting.



Carl Gerstaecker, elected to the Board of Directors at the meeting, has made notable contributions in both the private and government sectors.

Name the News contest

Our employee newspaper needs a new name that will reflect our corporation and our people. All employees are eligible, including those of subsidiaries, to enter our name-the-news contest. Just fill out the coupon below and return it to us by the end of the month.

The winner will receive a 19-inch portable color television. You may enter as many times as you wish. The suggested name cannot be

known to exist for any other publication.

Decision of the judging committee will be final. In case of a tie or duplication of entries, there will be a drawing to determine the winner.

If you don't have an official entry blank, you may send your recommendation on a blank sheet of paper, adding your name, store number or location, city and state.

Please print clearly.



Stanley Kresge, Chairman of the Kresge Foundation and son of the founder, talks to reporters after the meeting. Although not pleased about the name change, he said he was willing to abide by the stockholders' decision.

NAME _____

ADDRESS _____

CITY _____ STATE _____

DEADLINE: JUNE 30, 1977